

Message Text

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ORIGIN OPIC-06

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R 152213Z AUG 75
FM SECSTATE WASHDC
TO AMEMBASSY CONAKRY

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E.O. 11652: N/A

TAGS: EFIN, EINV

SUBJECT: FRIGUIA

1. OPIC MET WITH OLIN/NORANDA COUNSEL JAMES KALER AND NORANDA REP PAUL CRATH ON AUGUST 6 TO DISCUSS CURRENT FRIGUIA SITUATION.
2. CRATH INFORMED OPIC OF IMPACT OF PRESIDENTIAL DECREE INTEGRATING SKILLED WORKERS INTO CIVIL SERVICE. AS YET THERE HAVE BEEN NO SERIOUS PROBLEMS. SALARIES OF FRIGUIA CIVIL SERVICE WORKERS HAVE BEEN FROZEN AND WILL REMAIN AT PRESENT LEVELS UNTIL SALARIES OF OTHER CIVIL SERVICE WORKERS REACH FRIGUIA LEVELS. SIXTY-EIGHT WORKERS WERE FIRED BY GOG AS A RESULT OF DECREE, SOME OF WHICH FRIGUIA WANTED TO RETAIN. GOG AGREED THAT THEY COULD CONTINUE TO BE EMPLOYED BY FRIGUIA. FRIGUIA AND FRIALCO VIEW

THIS AS A FAVORABLE INDICATION THAT GOG WILL NOT USE DECREE TO EXERCISE MANAGERIAL FUNCTIONS. FRIGUIA HAS TOLD GOG THAT BY ACCEPTING CIVIL SERVICE STATUS OF WORKERS, IT HAS NOT GIVEN UP RIGHT TO HIRE, PROMOTE AND FIRE
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WORKERS NOR OTHER MANAGEMENT PREROGATIVES. THIS MAY

BE A SOURCE OF FRICTION IN THE FUTURE. SINCE THE
DECREE ONLY APPLIES TO MIXED ECONOMY COMPANIES, OPIC ASSUMES

THAT IT DOES NOT AFFECT CBG AT BOKE. IF EMBASSY HAS
CONTRARY INFORMATION, PLEASE INFORM OPIC.

3. PURSUANT TO THE FEBRUARY AMENDMENT TO THE LONG TERM
AGREEMENT, FRIALCO HAS HAD DISCUSSIONS WITH CREDIT SUISSE
REGARDING AMENDMENTS TO TRUST ARRANGEMENT NECESSARY TO
IMPLEMENT DUAL SIGNATURE REQUIREMENT FOR FOREIGN EXCHANGE
EXPENDITURES BY FRIGUIA. CREDIT SUISSE HAS AGREED TO
FRIALCO'S PROPOSALS. HOWEVER GOG HAS NOT YET CONTACTED
CREDIT SUISSE. CRATH BELIEVES DELAY IN CONTACTING
CREDIT SUISSE DUE TO CONCENTRATION BY GOG ON LABOR MATTERS
AT FRIGUIA. GOG IS EXPECTED TO CLEAR PROPOSALS BEFORE
FRIGUIA BOARD MEETING IN OCTOBER WHEN AMENDMENTS ARE TO
BE APPROVED.

4. NORANDA HAS CLOSED ITS PARIS OFFICE AND CLAUDE BASSINE
IS NO LONGER ASSOCIATED WITH NORANDA.

5. NORANDA IS CONTINUING DISCUSSIONS WITH CANADIAN
GOVERNMENT INSURANCE AGENCY AND EXPECTS TO OBTAIN
INSURANCE COVERAGE ON ABOUT 8,000,000 DOLLARS OF ITS
FRIALCO INVESTMENT IN SEPTEMBER OR OCTOBER IF CABINET
APPROVALS OBTAINED. LATER IF LEGISLATIVE CHANGES
ENACTED, NORANDA MAYBE ABLE TO INCREASE MAXIMUM INSUR-
ANCE COVERAGE TO 20,000,000 DOLLARS. SISCO

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